



The Weekly Brief September 11, 2017

The Markets

Last week, the aftermath of Hurricane Harvey and potency of Hurricane Irma dominated hearts and minds, but there were some diversions and some welcome news, too.

The NFL kicked off its 2017 season with the Chiefs' win over the Patriots.¹ The men's U.S. soccer team tied Honduras to stay in the running for a World Cup spot.² And, Sloane Stephens made the jump from 957th best on the women's tennis tour to U.S. Open Champion.³

Also, last week, President Trump signed a bipartisan bill authorizing relief for victims of Hurricane Harvey. The damage from Harvey has been estimated at about \$50 billion, reported *Yahoo! Finance*, and the damage from Hurricane Irma may be even greater.⁴

The signed bill also raised the debt ceiling, avoided a U.S. Treasury default, and funded the government for three months.⁵ These aspects of the legislation may have been more important to stock markets, according to a source cited by *Barron's*:⁶

“Dubravko Lakos-Bujas, head of U.S. equity strategy and global quantitative research at JPMorgan, observes that the S&P 500 has dropped about 2 percent when hurricanes make landfall, as sectors that get slammed – think insurance companies, hotels, and cruise lines – are offset by ones that benefit, like autos, energy and equipment services, and basic materials for construction. A failure to raise the debt ceiling or pass a budget, though, has typically caused the market to drop 3 percent to 5 percent. ‘In essence, the market risk associated with the failure of passing the budget and addressing the debt ceiling has been pushed out for now...’”

Major U.S. stock markets finished the week slightly lower. The Standard & Poor's 500 Index remains less than 1 percent below its all-time high.⁶

Data as of 9/8/17	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.6%	9.9%	12.8%	7.1%	11.5%	5.4%
Dow Jones Global ex-U.S.	0.6	18.1	14.1	1.0	5.0	-0.2
10-year Treasury Note (Yield Only)	2.0	NA	1.6	2.5	1.7	4.3
Gold (per ounce)	2.0	16.2	0.2	2.3	-4.9	6.7
Bloomberg Commodity Index	-0.3	-3.1	-0.5	-12.0	-10.5	-6.7
DJ Equity All REIT Total Return Index	0.6	7.7	1.8	8.4	9.9	7.0

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

HOW DO YOU PROTECT PERSONAL DATA? Last week, Equifax, one of three major consumer credit reporting agencies, was hacked. *The New York Times* reported the company had data on more than 820 million consumers and more than 91 million businesses worldwide. Estimates suggest 143 million Americans may have been affected.⁷

It's no surprise new ways to safeguard personal data are on the horizon. Some involve blockchain technology, which underlies cryptocurrencies but has many other potential applications. *PCMag.com* described it like this:⁸

“People often get bogged down in technological complexity when trying to understand blockchain, but the basic concept is a simple and universal one. We have facts and information we don't want accessed, copied, or tampered with, but on the Internet, there's always a chance it could be hacked or modified. Blockchain gives us a constant – a bedrock we know won't change once we put something on it and where a transaction will be verified only if it follows the rules.”

In July, *The Economist* reported startup companies have begun using blockchain to register valuable assets, manage personal information, and provide ‘truth’ services that ensure research data integrity. Governments are embracing blockchain applications to manage land registries and corporate recordkeeping, among other things. Another potential application for blockchain is maintaining immutable personal data:⁹

“One of the first things done for a baby could be to give the newborn an entry in a blockchain, the crypto-equivalent of a birth certificate. This sounds Orwellian, but it does not have to be. On the contrary, if people's identity is anchored in one or several blockchains, this would give them more control over it and their personal data.”

If blockchain applications are successful, it may become easier to keep personal data safe online.

Weekly Focus – Think About It

“I'm not much but I'm all I have.”

--Philip K. Dick, *Author of Martian Time-Slip*¹⁰

Best regards,

Donald V. Hershberger, CFP®, AIF®, CRC®

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indices referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

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* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* You cannot invest directly in an index.

* Consult your financial professional before making any investment decision.

* Stock investing involves risk including loss of principal.

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¹ <https://www.sbnation.com/2017/9/9/16272632/kansas-city-chiefs-new-england-patriots-recap-keys>

² <https://www.usatoday.com/story/sports/soccer/national/2017/09/05/us-mens-national-team-tie-honduras-world-cup-qualifying/635822001/>

³ <https://www.theguardian.com/sport/live/2017/sep/09/madison-keys-v-sloane-stephens-us-open-womens-final-live>

⁴ <https://finance.yahoo.com/news/full-economic-impact-irma-harvey-cant-known-wont-good-133300100.html>

⁵ <http://thehill.com/homenews/administration/349881-trump-signs-harvey-aid-debt-ceiling-package>

⁶ <http://www.barrons.com/articles/even-hurricanes-cant-kill-off-this-rally-1504929817> (or go to [https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/09-11-17 Barrons-Even Hurricanes Cant Kill Off this Rally-Footnote 6.pdf](https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/09-11-17+Barrons-Even+Hurricanes+Cant+Kill+Off+this+Rally-Footnote+6.pdf))

⁷ <https://www.nytimes.com/2017/09/07/business/equifax-cyberattack.html?rref=collection%2Fsectioncollection%2Fbusiness&action=click&contentCollection=business®ion=rank&module=package&version=highlights&contentPlacement=1&pgtype=sectionfront>

⁸ <https://www.pcmag.com/article/351486/blockchain-the-invisible-technology-thats-changing-the-wor>

⁹ <https://www.economist.com/news/world-if/21724906-trust-business-little-noticed-huge-startups-deploying-blockchain-technology-threaten> (or go to [https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/09-11-17 TheEconomist-Disrupting the Trust Business-Footnote 9.pdf](https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/09-11-17+TheEconomist-Disrupting+the+Trust+Business-Footnote+9.pdf))

¹⁰ https://www.goodreads.com/author/quotes/4764.Philip_K_Dick